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and

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Counsel for Lenovo USA

## UNITED STATES BANKRUPTCY COURT EASTERN DISTRICT OF VIRGINIA RICHMOND DIVISION

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In re:	) Chapter 11	
CIRCUIT CITY STORES, INC., et al.	) Case No. 08	8-35653-KRH
Debtors.	) (Jointly Ad	ministered)
	)	

AFFIDAVIT OF DUKE MANFREDI IN SUPPORT OF RESPONSE OF LENOVO USA, ON BEHALF OF HAIN CAPITAL HOLDINGS, LLC, TO DEBTORS' FORTY-EIGHTH OMNIBUS OBJECTION TO CERTAIN ADMINISTRATIVE EXPENSES AND 503(b)(9) CLAIMS AND MOTION FOR (I) AUTHORITY TO SETOFF AGAINST SUCH EXPENSES AND CLAIMS AND (II) A WAIVER OF THE REQUIREMENT THAT THE FIRST HEARING ON ANY RESPONSE PROCEED AS A STATUS CONFERENCE

STATE OF NORTH CAROLINA	)
COUNTY OF WAKE )	

Duke Manfredi, being duly sworn according to law upon his oath, deposes and states as follows:

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- 1. I am over twenty-one (21) years of age, of sound mind, and in all respects qualified to make this affidavit. I have personal knowledge of the facts stated herein.
- 2. I am currently employed with Lenovo USA ("Lenovo") and have been in the position of Accounts Receivable Manager, US from 2004 until the present. As such, I have direct knowledge of the facts contained in this affidavit.
- 3. In my capacity as the Accounts Receivable Manager, US, I am familiar with the account between the Debtors and Lenovo.
- 4. On December 18, 2008, Lenovo filed a 503(b)(9) Claim<sup>1</sup>, which asserts a claim for \$1,261,318.48, representing the amount due Lenovo from the Debtors for the delivery of goods within 20 days of the Petition Date. The following amounts were applied as credit against the 503(b)(9) claim: (1) \$1,144,388.68 in total product returns and (2) \$920,710.22 in total marketing incentives and credits. Accordingly, the 503(b)(9) Claim took into consideration a total of \$2,065,098.90 in setoffs.
- 5. On September 10, 2009, Lenovo transferred and assigned the 503(b)(9) Claim to Hain.
- 6. On January 30, 2009, Lenovo filed a General Unsecured Claim in the amount of \$8,589,126.82.<sup>2</sup> Prior to filing the General Unsecured Claim, Lenovo setoff an additional \$500,000 in marketing incentive payments for December 2008 and January 2009 owed to the Debtors under a reseller agreement between the parties.
- 7. The Debtors have already received the benefit of \$2,565,098 in setoffs against the 503(b)(9) Claim and the General Unsecured Claim.

<sup>&</sup>lt;sup>1</sup> Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Response.

<sup>&</sup>lt;sup>2</sup> The amount of the General Unsecured Claim was inclusive of the amount previously sought in the 503(b)(9) Claim because Lenovo has not received notice of the allowed amount of its 503(b)(9) Claim. Lenovo recognizes that the General Unsecured Claim will be reduced by any amounts paid to it for the 503(b)(9) Claim.

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8. Accordingly, Lenovo disputes that any of the amounts listed in the Objection are in fact due and owing.

FURTHER AFFIANT SAYETH NOT.

Duke Manfredi

Sworn to and subscribed before me this 3 day of November, 2009.

Notary Public

My Commission expires: 10-

LESLIE C TOWLES NOTARY PUBLIC WAKE COUNTY, NC

MY COMMISSION EXPIRES OCTOBER 17, 2012

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**CERTIFICATE OF SERVICE** 

I hereby certify that a true and exact copy of the foregoing Declaration was served by electronic means on the "2002" and "Core" lists and through ECF system which in turn will generate an electronic notice of filing to all parties registered to receive electronic notice from

By: <u>/s/ Mark D. Taylor</u>

Mark D. Taylor

the Court on November 3, 2009.